

To the potential investor.

Исх.№22 of 24.08.13.

(To foreign investors)

G. Shemonaikh, East Kazakhstan region, Republic of Kazakhstan.

The offer on participation in the project.

Subject: Construction in RK of the First 170 MWt biopower plant, worth 60 million euros, in cooperation with the European companies – producers of the electrotechnical equipment. Their written consent to building of this "turnkey" object is available. This project is significant for Kazakhstan (further RK). The project is included into the List of hi-tech productions under No. 87 approved by the Resolution of the government of RK for No. 799 from 18.06.12, according to the law RK "About the State Support Industrially — Innovative Activity", of 09.01.12. Code of the general qualifier of economic activity – further (OKED) - 27.12 – Production of primary power sources. (Electricity generation) the OKED Code – 35.111. The project corresponds to all principles of "Green economy" and to requirements of the Kyoto Protocol for restriction of emissions of greenhouse gases in the atmosphere. This year, the President of RK N.A.Nazarbayev signed the Law "About Ratification of the Charter of the International Agency on Renewable Energy of IRENA", and also the Decree "About adoption of the Concept on transition to "Green economy", of 30.05.13. On this basis, the Project is supported by the Ministry of the industry and new technologies (MINT RK), the Ministry of environmental protection (MOOC PK), the Ministry of Foreign Affairs (RK Ministry of Foreign Affairs), and personally Minister Idrisov E.A. The corresponding letters – supports from the specified structures are available. The project is in an official database of JSC NAEI Kaznexinvest and is placed on an official site of Agency: www.baseinvest.kz, and also it is possible to examine it on the site <http://invest.gov.kz> / the Center of Service of Businessmen (CSB) being in Ust – Kamenogorsk BKO PK, Pobedy Street 6, ph. 8 (7232)203462, the Contact person Anna Akentyeva. The project commercial, highly profitable, capable to make for the investor good profit. Key economic parameters following: Term of implementation of the project till 2 years, a payback period – 5 years, full return of borrowed funds – till 7 years. Profitability of the basic and additional productions from 500%. The project provides creation of additional productions on sawmilling and a woodworking up to 1 million m³, with production of combined panel board houses for Afghanistan by the special order of the USA for the sum of \$300 million for RK. As fuel for such power plant wood granules (пеллеты), received on appropriate technology from waste of the above productions, and also thin serve

The project is commercial highly profitable. Key economic parameters: Project realization term till 2 years, a payback period – 5 years, full return of borrowed funds - till 7 years. Profitability of production would make 200% and could increase to 500%, with introduction (organization) of additional productions on sawmilling and a woodworking. Production of combined and panel board houses for Afghanistan by request of The United States Department of State, for sum 300 million \$ specially for the Kazakhstan wood working enterprises. Fuel for such power plants is any waste of sawing, agricultural productions, and also the thin, sub-standard wood remaining in enormous volumes in Kazakhstan and Russia.

They cost nothing, only transportation costs on its delivery. As, such power plant can work and on low-quality coal at the price of \$20 for ton, coal mine "Karazhyra" is nearby (100 km) by rail. Within the Customs Union (CU) and the Common Economic Space (CES), between Russia, Kazakhstan and Belarus it is possible to resolve raw materials delivery. Any documents, in this respect, aren't required. Because the Project will be realized in the European partner cooperation, producers of the equipment, we can use the European program on simplification of system of proceeds of credit receiving.

And also to get a grant at the rate to 40% from the credit sum. Probably, such programs are in other countries, such as, the USA, Japan, China, etc. I guarantee unconditional return of borrowed funds in full with payment of percent, according to the repayment schedule, at any market condition and the crisis phenomena in world economy. Sale of production is guaranteed by the state in domestic market.

As a whole, as we know, the electric power in Kazakhstan doesn't suffice (its deficiency is observed), and it is imported from the Russian Federation to 30% from total production.

In this connection, MINT (ministry of industry of new technologies) of Kazakhstan declared creation, at least 50 objects, till 2020 year, making "Green economy", including biopower plants.

There is no need to build from "zero" as there are floor spaces and constructions with access railway roads, with necessary infrastructure (light, water, the central sewerage, garages, warehouses, office buildings, etc.) We can place all necessary equipment for power plant in them.

This important circumstance will significantly be reflected in the key economic parameters of the project, such as, terms of input of object in operation, energy consumption, the general decrease in capital investments, etc.

I guarantee with signing of the relevant agreement. Now in RK the most favorable conditions for conducting large business and without a risk investment of foreign investments into infrastructure projects what the specified project is are created.

According to the Decree of the President of RK "About Creation of the State Insurance Company of Kazeksportgarant" of Almaty all foreign investments can be insured for 100% if there is a desire of the investor. The state provides the whole range of various programs, services and mechanisms on support of business and an investment of investments into priority sectors of economy, including on development of "Green economy". Such programs as "A road map of business – 2020(DKB)", "Productivity - 2020", "Entertaining - 2020" is provided by considerable privileges and preferences to participants of these programs and allow to improve significantly investment climate in RK which according to experts, is the best in the CIS. The national agency on technological regulation of PK(HATP) can provide a grant of 330 thousand US dollars at an initial stage of implementation of the project.c the beginning of its construction, or compensate part of expenses on 3ry the sum. In RK three free and economic zones (FEZ) in which there are no taxes for a period of up to 5 years are created. All this says that the project is doomed to success, under such circumstances.

Yours faithfully director of BIO-TES LLP V. Starostin.

The passport of the project demanding an investment.

Project name	Biopower plant construction
Branch	power
Possible site	Rk.Vostochno-Kazakhstansky область.r. Shemonaikh
Form of ownership	the private
Sources and types of raw materials	Biofuel (waste of sawing production, sub-standard wood, coal)96,000 tons
Power consumption	5000Kvt
Production scales	170Mвт in a year of an el.energiya
Products	Electricity
Settlement cost of the project	60млн.евро
Settlement period of payback	5 years
Settlement term of construction	1-2 year
Number of new workplaces	200
Sales markets	the internal
Presence of co-investors from the Kazakhstan party	no
Existence of preferences and privileges from RK Government	Grant in \$ size 330tys.